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October 10, 2014

Bob Stump, Chairman
 Gary Pierce
 Brenda Burns
 Bob Burns
 Susan Bitter Smith
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

OCT 10 2014

DOCKETED BY	
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**RE: Pulte Home Corporation's Fourth Public Comment
 Johnson Utilities, L.L.C., Docket No. WS-02987A-12-0136**

Dear Chairman and Commissioners:

I am submitting this fourth comment letter in Docket No. WS-02987A-12-0136 on behalf of Pulte Home Corporation ("Pulte"). Pulte is a purchaser of land requesting water and sewer service from Johnson Utilities, L.L.C. ("JUC") for the "Merrill Ranch Expansion One" area. The seller of the land is SWVP-TIS MR LLC ("Southwest Value Partners"). Both Pulte and Southwest Value Partners have requested that JUC provide water and sewer service to the property. The purpose of this letter is to respond to the Commission Staff's updated recommendations in "Staff's Update Re: Johnson Utilities, L.L.C.'s ADEQ Compliance Status," docketed on October 2, 2014 in this matter. Pulte is requesting that the Commission grant a conditional CC&N to JUC for all areas within the requested CC&N extension area.

We understand from the Staff's October 2, 2014 filing that all ADEQ compliance issues identified in earlier filings in this case have been satisfactorily resolved, and that Staff have agreed to abandon the earlier recommendation of an Order Preliminary for the entire requested CC&N extension area. We also understand, however, that Staff continue to recommend denial of a CC&N (in the form of an Order Preliminary) for the last four phases of Merrill Ranch Expansion One (Units 59A, 59C, 59D, and 59E).

As noted in paragraph 46¹ of the Recommended Order and Opinion, the hearing officer found no basis for Staff's recommendation to deny a CC&N to the four areas within

¹ Paragraph 46 provides, in relevant part: "... We can find no discussion or explanation by Staff as to why Units 59A, 59C, 59D, and 59E should remain subject to an OP once ADEQ compliance is demonstrated. Without an articulable basis for issuing a continuing [Order Preliminary] for the four areas within an 18-phase extension area, we find it appropriate to subject these areas to the same requirements as the remainder of the extension areas."

the Merrill Ranch Expansion One extension area. In the Staff's September 5, 2014 "Request for Clarification of Recommended Order and Opinion," the Staff explained the recommendation to withhold a CC&N is based upon the rule requirement in A.A.C. R14-2-402(B)(5)(n) that an applicant submit engineering details as follows:

A complete description of the facilities proposed to be constructed, including a preliminary engineering report with specifications in sufficient detail to describe each water system and the principal components of each water system (e.g. source, storage, transmission lines, distribution lines, etc.) to allow verification of the estimated costs provided under subsection (B)(5)(o) and verification that the requirements of the Commission and the Arizona Department of Environmental Quality can be met.

While the Staff acknowledged that an updated engineering analysis dated May 18, 2013 was submitted for Merrill Ranch Expansion One Units 53A, 53B, 55A, 55C, 57A, 57B, 59A, 59B, 59C, 59D, and 59E, Staff have not explained why the submitted engineering analysis was sufficient to satisfy the rule requirement quote above for some of the units, but not others, other than to assert that some projects are just too "far in the future." See p.3, lines 16-20 of Staff's September 5, 2014 Request. The Commission's rule quoted above, however, does not contain an expiration date for engineering analyses, nor is it reasonable to authorize water and sewer service to some portions of a single development, but deny a CC&N for others based upon an arbitrary limit. The hearing officer's characterization of the Staff's argument in paragraph 46 of the Recommended Order and Opinion is still accurate and should not be changed.

We urge the Commission to issue a CC&N extension for all portions of the Merrill Ranch Expansion One area now. A proposed amendment is submitted with this letter for your consideration.

Thank you.

Sincerely,


Michele Van Quathem

Enclosure

c: Dan Bonow
Sam Colgan
Chris Ward
ACC Docket Control
Yvette Kinsey, Administrative Law Judge
Sasha Paternoster, Administrative Law Judge
Janice Alward, Legal Division
Jeff Crockett

PROPOSED AMENDMENT #1

DATE PREPARED: October 10, 2014

COMPANY: Johnson Utilities, L.L.C.

DOCKET NO.: WS-02987A-12-0136

OPENING MEETING DATES: October 16, 2014 AGENDA ITEM: 24

Page 6, line 26,

ADD the following new text:

On September 5, 2014, Johnson filed Exceptions with updated Wastewater Compliance Status Reports dated August 27, 2014, for the Pecan and San Tan WTPs which show that those plants are operating in compliance with applicable requirements of ADEQ, with no material violations that would prompt ADEQ to take enforcement action.

On September 5, 2014, Staff filed a Request for Clarification of Recommended Order and Opinion, explaining the basis for Staff's recommendation for an Order Preliminary for Merrill Ranch Expansion One Units 59A, 59C, 59D, and 59E is because the planned date of construction is far in the future.

On October 2, 2014, Staff filed Staff's Update Re: Johnson Utilities, L.L.C.'s ADEQ Compliance Status with current ADEQ compliance status reports indicating that neither the Santan WRP nor the Pecan WRP were in violation of ADEQ requirements at a level where ADEQ would take any action. Staff indicated it did not oppose the issuance of a conditional CC&N for each of the requested CC&N extension areas except for the last four phases of Merrill Ranch, for which it was still recommending orders preliminary.

Page 14, line 19,

ADD a new FINDING OF FACT 38, as follows:

38. On September 4, 2014, Johnson filed copies of updated ADEQ Wastewater Compliance Status Reports dated August 27, 2014, showing that the Pecan and Santan WTPs are operating in compliance with applicable requirements of ADEQ, with no material violations that would prompt ADEQ to take enforcement action. In addition, the updated status reports show that Johnson has met the compliance conditions associated with the May 30, 2013, NOV at the San Tan WRP. On October 2, 2014, Staff filed

ADEQ compliance status reports indicating that neither the Santan Wastewater Treatment Plant nor the Pecan Wastewater Treatment Plant were in violation of ADEQ requirements at a level where ADEQ would take any action.

RENUMBER the existing Finding of Fact 38 and the remaining Findings of Fact.

Pages 15 and 16,

DELETE FINDINGS OF FACT 40 through 45 and REPLACE with the following new FINDINGS OF FACT 40 and 41:

40. Although the application initially lacked the required preliminary engineering reports pursuant to A.A.C. R14-2-402(B)(5)(n), Staff acknowledges that in this case it prematurely deemed Johnson's application sufficient. A preliminary engineering report dated May 18, 2013 was subsequently submitted for Merrill Ranch Expansion One Units 53A, 53B, 55A, 55C, 57A, 57B, 59A, 59B, 59C, 59D, and 59E. Staff continues to recommend an OP for Merrill Ranch Expansion One Units 59A, 59C, 59D, and 59E.
41. Johnson's and Staff's most recent filings show that the Company's Pecan and San Tan WRPs are operating in compliance with applicable ADEQ requirements, with no material violations that would prompt ADEQ to take enforcement action. Staff does not oppose the issuance of a conditional CC&N for each of the requested CC&N extension areas except the Merrill Ranch Expansion One Units 59A, 59C, 59D, and 59E.

RENUMBER the remaining Findings of Fact.

Page 16, lines 14-15,

DELETE the words "once the Company establishes that all of its water and wastewater systems are in compliance with ADEQ regulations."

Page 17, line 1,

DELETE from CONCLUSION OF LAW 5 the words "an Order Preliminary" and replace with "a Conditional CC&N."

Page 17, line 5,

DELETE from the ORDERING PARAGRAPH the words "an Order Preliminary" and replace with "a Conditional CC&N."

Page 17, lines 9-21,

DELETE the three ORDERING PARAGRAPHS.

Make all other conforming changes.